

NOTICE OF PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Agency Information

- Agency: Insurance - Administration
Room no.: 3110
Building: STATE OFFICE BLDG
Street address 1: 450 N MAIN ST
Street address 2:
City, state, zip: SALT LAKE CITY UT 84114-1201
Mailing address 1: PO BOX 146901
Mailing address 2:
City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Jilene Whitby	801-538-3803	801-538-3829	jwhitby@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 34259 Date filed: 11/29/2010 03:41 PM
State Admin Rule Filing Key: 150405
Utah Admin. Code ref. (R no.): R 590 - 186 -
Changed to Admin. Code ref. (R no.): - -

Title

- Title of rule or section (catchline):
Bail Bond Surety Business.

Notice Type

- Type of notice: Amendment

Rule Purpose

- Purpose of the rule or reason for the change:
The rule is being changed as a result of discussions in recent Bail Bond Advisory Board meetings. The changes are intended to provide clarification on the use of letters of credit by bail bond agencies and adds deceptive or intimidating practices as unprofessional conduct.

Response Information

- This change is a response to comments by the Administrative Rules Review Committee.
No

Rule Summary

- Summary of the rule or change:

Section 4 and 5 of the rule adds wording regarding the use of letters of credit and requires that they be drawn on a Utah depository institution. Section 7, regarding unprofessional conduct, add to Subsection 28, "outstanding judgments" to violations dealing with the failure to comply with Utah laws and rules. A new Subsection 29 has been added Section 7 which makes deceptive or intimidating practices to gain bail bond business as unprofessional conduct.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

Additional violations that the department can take action against could increase the department's workload. At this time there is no indication that this would result in the need for additional personnel. This could cause an increase in administrative actions the number of forfeitures issued and paid into the general fund. What the fiscal impact would be is unknown at this time.

B) Local government:

Affected: No

The requirement to have bail bond agencies have a Utah financial institution provide their letters of credit will benefit a very few financial institutions. Most agencies already use local financial institutions to do their business. The changes should have no other impact on local governments.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

All bail bond agencies in Utah are classified as small businesses. The addition of actions that are considered unprofessional conduct may result in an increase in the number of violations and the forfeitures paid by licensees. The amount of the forfeiture is determined during the administrative procedure and will vary depending on circumstances. If a bail bond agency has their account with an out of state financial institution they will need to arrange for a local financial institution to issue their letters of credit to comply with the new requirements of this rule. This should have little if any fiscal impact on the agency.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

Bail bond agencies that have their accounts with an out of state financial institution will need to arrange for a local financial institution to issue their letters of credit to comply with the new requirements of this rule. This should then have a positive fiscal impact on the financial institutions. Currently there are around 40 bail bond agencies licensed to do business in Utah. It is anticipated that only a few of these will need to change the financial institution that they are now doing business with.

Compliance Cost Information

8. Compliance costs for affected persons:

All bail bond agencies in Utah are classified as small businesses. The addition of actions that are considered unprofessional conduct may result in an increase in the number of violations and the forfeitures paid by licensees. The amount of the forfeiture is determined during the administrative procedure and will vary depending on circumstances. If a bail bond agency has their account with an out of state financial institution they will need to arrange for a local financial institution to issue their letters of credit to comply with the new requirements of this rule. This should have little if any fiscal impact on the agency.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

The few bail bond agencies that do not have their letters of credit drawn from a Utah financial institution will need to change their account to a local institution. This may result in little if any cost to the agency but should have a favorable impact on the financial institution receiving the new business. The increase in listed violations may result in an increase in the number of violations and the forfeitures paid into the general fund.

B) Name and title of department head commenting on the fiscal impacts:

Neal T. Gooch, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

31A-35-301

31A-35-104

31A-35-406

31A-35-401

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

<div>Official Title of Materials Incorporated (from title page):</div> <div>Publisher:</div> <div>Date Issued:</div> <div>Issue, or version:</div> <div>ISBN Number:</div> <div>ISSN Number:</div> <div>Cost of Incorporated Reference:</div> <div>Adds, updates, removes:</div>
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Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

01/14/2011

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

01/21/2011

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):

bail bond insurance

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:

Jilene Whitby Information
Specialist

Date (mm/dd/yyyy): 11/29/2010